

**TALKING POINTS OF DEPUTY SECRETARY MAURICE JONES  
VIRGINIA HOUSING COMMISSION MEETING  
RICHMOND, VA  
THURSDAY, APRIL 18, 2013**

- **Thanks.** I want to thank Senator Mamie Locke for inviting me.
  - It's a pleasure to be here with all of you.
- **Future of Public Housing.** As you know, the Federal budget was just released last week, which makes today an excellent opportunity to talk about the future of public housing and how our proposed budget for 2014 will help us build that future.
- **Budget Goals.** This budget accomplishes several important priorities for our Public and Assisted housing.
  - Puts HUD-subsidized Public and Assisted Housing on a financially sustainable path.
  - Recognizes that we can no longer expect public housing authorities to house over 1 million families in public housing while subjecting them to overly burdensome regulation and denying them access to private capital available to virtually every other form of rental housing.
  - Improves the way federal dollars are spent and builds evidence of what works.
- **Capital Needs.** One of the biggest challenges PHA's face is the existing capital needs backlog of over \$25.6 billion nationwide.
  - **Flexibility.** The key to addressing this backlog is providing PHAs with a variety of options that provide the flexibility they need to make necessary repairs and other investments to better serve their clients.
- **Rental Assistance Demonstration.** To bring the Public Housing program toward mainstream real estate financing and management, the Department will continue to implement the Rental Assistance Demonstration enacted in 2012.
  - In just the initial 30-day application window PHAs submitted and HUD gave initial approval to proposals that can **generate over \$650 million in private debt and equity investments** and preserve over 12,000 public housing units—all without any additional funding from the government.
  - These applications proposed a host of creative solutions, using RAD to meet local needs by modernizing aging properties for families and

the elderly, including energy-retrofits to save on energy cost, reducing the densities of larger, troubled projects, demolishing severely distressed or obsolete units and constructing new replacement units on a one-for-one basis, or transferring subsidies to other mixed-income or rehab projects already underway.

- **Expanded Opportunities.** Not only will this produce quality, fully modernized housing, but many applicants proposed to use RAD to create or enhance mixed-income housing developments, which can strengthen neighborhoods, schools and other resources in ways that most of us take for granted—safer streets, more accessible, better quality retail offerings and grocery stores, and new parks and recreation centers.
- **RAD Request.** The Budget also provides \$10 million for a targeted expansion of RAD to Public Housing properties in high-poverty neighborhoods.
  - **Effects of Sequestration.** Some of you have may be concerned that the effects of sequestration, will prevent you from participating in RAD effectively – or at all.
  - PHAs can make up any gap in operating subsidy for the calendar year owing to FY’13 appropriations that are lower than the FY’12 numbers in the RAD Application.
  - You will only have to make up this gap for the balance of 2013 after converting assistance. Going forward, a PBV or PBRA contract will carry the established FY’12 baseline rent through the duration of the contract.
  - **Imperfect Solution.** While this solution is not perfect, it will allow you to proceed with your proposed conversions and continue to participate in the program.
- **MTW.** The Budget proposes to scale up the Moving to Work (MTW) program, which gives high-performing state and local Public Housing Authorities (PHAs) various flexibilities in their use of Housing Choice Voucher and Public Housing funds.
  - In exchange for this flexibility, PHAs will help design and test innovative policies to support self-sufficiency and other positive outcomes for families, streamline and consolidate program delivery, and reduce long-term costs.
  - In addition, PHAs will report on outcomes associated with their MTW activities, and those that choose to implement work requirements,

time limits on assistance, or major rent reform initiatives will participate in rigorous evaluations.

- **Other Strategies.** This Budget also recognizes the need to simplify, align, and reform programs to reduce administration burdens and increase efficiency across programs.
  - **Combine Operating and Capital Funds.** To both simplify the program and reduce the administrative burden on state and local public housing authorities, the Budget provides all PHAs with full flexibility to use their operating and capital funds for any eligible capital or operating expense.
  - **Improve Supportive Services for Assisted Households.** The Family Self-Sufficiency (FSS) program will be consolidated and aligned to enable PHAs to more uniformly serve both TBRA and Public Housing residents. In addition, the Budget authorizes PHAs to use a portion of their Public Housing and TBRA funding to augment case management and supportive services coordination provided through FSS or provide other supportive services to increase opportunities for residents.
- **Public Housing and Neighborhoods.** We all understand the significant impact that public housing can have on the surrounding neighborhood. We need to ensure that we support efforts by PHAs to help create opportunity not just for their residents, but for everyone in the neighborhood.
- **Choice Neighborhoods.** The \$400 million we have requested for our Choice Neighborhoods program represents a significant increase that will allow us to transform public and assisted housing in our hardest hit neighborhoods and ensure our children are prepared for the 21<sup>st</sup> century economy.
  - The Choice Neighborhoods initiative is a central element of the Administration's inter-agency, place-based strategy to support local communities in developing the tools they need to revitalize neighborhoods of concentrated poverty into neighborhoods of opportunity.
  - Choice Neighborhoods grants exemplify how our practices generate effective partnerships with local housing and community development efforts.
- **Promise Zones.** In his State of the Union Address, the President also spoke about the effort to create Ladders of Opportunity for all Americans.

- The fundamental premise of the American Dream is that if you work hard and play by the rules that you will have a chance to get ahead and that your kids will have a chance to have a better life than you had.
- The Promise Zones proposed by the President expand investments by HUD, the Departments of Education and Justice, and other agencies while coordinating and streamlining this work, to maximize our impact and reduce cost.
- Choice Neighborhoods and RAD are essential elements of this place-based strategy.
- **Sequestration.** As you all know, sequestration went into effect March 1<sup>st</sup>. I want to stress that these cuts are deeply destructive—not just to HUD programs and the people who rely on them—but to entire communities. We have to reverse sequestration and put these misguided cuts behind us.
  - Not everyone will feel the pain of these cuts right away – but it is coming.
  - **Vouchers.** Under sequestration about 125,000 individuals and families nationwide—more than half of whom are elderly and disabled—would lose assistance provided by the Housing Choice Voucher program.
  - **PHAs.** PHA residents could be facing higher rent burdens and longer waiting lists to enter public housing as a result of these cuts.
  - **Relief.** While no amount of partnership, belt-tightening, or smarter management will enable us to avoid its effects we have taken several steps to provide administrative relief which may be helpful during this difficult time.
    - Published two notices on streamlining income verification for both public housing and Housing Choice Vouchers and another on reducing HCV administrative costs.
- **Impacts.** While we are attempting to reduce these impacts, there is simply no way to prevent serious damage this year or the resulting consequences for FY'14 unless sequestration is reversed with the balanced deficit reduction plan proposed by the President.
- **Thanks.** In closing, we're taking a broad based approach to support public housing, and help PHAs better prepare for the future.
  - I know we can count on your support.
  - It's been a pleasure speaking with you today.